Income tax raids

553. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) what is the number of raids conducted in different parts of the country during the past three months by the Income Tax Department/Authorities, indicating the number of persons found guilty;

(b) what is the number of persons who have been booked so far for indulging in irregularities, illegalities and frauds, particularly, Bank Employees and other Government employees in general in relation to their security transactions indicating the number thereof who have been released and also of such cases who are still in police custody: and

(c) what are the details of punishment given so far, State-wise in each case?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): fa) to (c) The information is being collected and will be laid on the Table of the House.

World bank plan on Indian reform process

554. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact the quantum of total aid announced at the end of the two day Aid Indian Consortium Meeting held in Paris, recently, under the aegis of World Bank constitute an increase of 7.5 per cent over last year's total pledges of $ 6.7 billion to India:

(b) whether it is also a fact that Mr. Joseph Wood. World Bank Vice-Presi dent, has told the Indian Delegation that last year's achievements can only be sus tained if they are followed up by fur ther reforms of increasing depth and breadth; and

fc) if so, what are the details of action plan outlined by the World Bank on which they expect India to take further early and significant progress for the success of the reform process?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Yes, Sir.

(b) and (c) Yes, Sir. The Vice President, World Bank was, like the representatives of many donor countries and other multilateral institutions, very appreciative of the economic reforms undertaken by the Indian Government. He also expressed a hope that, in the medium term, this reform process would be pursued further, by increasing the depth and the breadth of the inter-related reforms. However, no specific action plan has been outlined by the World Bank in the Consortium Meeting held in Paris on 25-26 June, 1992.

Proposal to set np special tribunal for recovery of Bank loam

555. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under Government's consideration to set up special tribunals for speedy recovery of all bank loans above Rs. 10 lakh;

(b) if so, the details thereof; and

(c) what measures have been taken so far to strengthen the internal control system in the banking industry as well as the inspection and supervisory machinery of the Reserve Bank of India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DAL-BIR SINGH): (a) and (b) It has been decided to bring forward legislation for setting up special Tribunal for speedy recovery of over-due loans above a spe cified limit.

(c) RBI has taken various measures for strengthening the internal control system in the banking industry through issue of circulars and guidelines to banks, on-site inspection and through discussion with top Managements of the banks. The inspection and super-

visofy machinery Of RBI has constantly emphasised that the Boards of the Banks should regularly review of important areas of working, in particular credit management, sticky advances, loan recovery,' investment transactions, funds & borrowing management, profitability etc. Banks have been conducting internal inspections through their own Inspection Deptt. The RBI inspection also covers the scope, coverage and efficacy of interna] inspection reports & points out the deficiencies for compliance. Banks are doing regular audits for income leakages either by their own staff or by Chartered Accountant Firms. Concurrent audits of major branches is done. A few Banks have also developed system of Audit and Management Audit. Bank Executives review the performance of branches and control tiers. Control Returns covering vital areas of work are insisted upon. Inter branch reconciliation has been emphasised.

• Inspection of RBI covers Banks appraisal systems, credit supervision, quantification of sticky advances, expected loan losses and shortfall in provisions. In 1985 RBI advised adoption of 8 fold Healh Cotde classification for advances as a Managment Information too. A new classification of advances into standard, sub-standard, doubtful and loss as been recenlty recommended. New balance sheet formats have been adopted by all the banks leading to more transparency regarding provisions. Banks were instructed to review the position of loss making brandies as well as overall profitability. The Inspection system and procedures have been reviewed from time to time by RBI to meet the supervision requirements. RBI commenced in Jan. 91 a system of inspection of all larger branches of Public Sector Banks and about 1000 branches of the 28 banks were covered during Jan. & June, 1991. In May 1991 an expert group which went into the system" of inspection of the banks recommended; (i) Annual Financial inspection with main accent on the assessment- of the banks financial position and (ii) a biennial Management Audit besides using the services of the audit provision for scrutiny of certain specified areas of banks working. RBI caused the Management audit of a large Public Sector Bank in 1991. Since 1985 detailed action plan exercises are held with the Banks for periodic review of their performance.

Setting up of gold bank

556. SHRI VISHWAS RAO RAMRAO PATIL:

DR. SANJAYA SINH:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are examining a proposal to set up a Gold Bank;

(b) if so, what are ths details thereof; and

(c) by when this bank will start functioning?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Yes, Sir

(b) and (c) The objectives behind setting up a Gold Bank are to mobilise gold from the people, increase .the gold reserve and partly to, utilise the gold for raising foreign currency loans for developmental programmes. The commercial viability and other details of the propo-sal are being eamined in detail by Government in consultation with Reserve Bank of India.

Legislation to regulate the conduct of mutual fund business

557. SHRI P. UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to a suggestion made by the noted economist, Mr. M. Nara-simham, that a suitable legislation be introduced to regulate the conduct of mutual fund business, incorporating essential safcuardsg; and